Temporary employment in the downturn

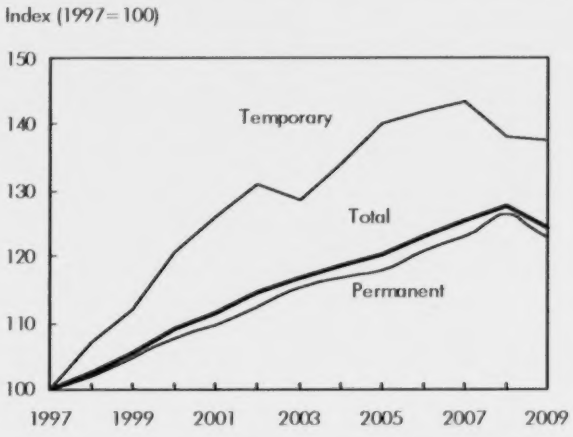
Diane Galarneau

In 2009, 1.8 million Canadians, or 1 in 8 paid workers, had some form of temporary employment. This type of employment, whether in the form of contract positions, seasonal work or casual jobs, grew rapidly from 1997 to 2005 (Chart A). That increase raised fears of a deterioration in employment conditions for a segment of the population, since temporary jobs, on average, pay lower wages and provide fewer benefits than permanent jobs. They are also unionized less often and part-time more often than permanent jobs (Galarneau 2005, Kapsalis and Tourigny 2004, OECD 2002, Schellenberg and Clark 1996, and Krahn 1995).

According to Kapsalis and Tourigny (2004), these temporary jobs are more likely to be interspersed with periods of unemployment, often without employment insurance because of short employment durations and the low number of hours worked. Temporary job holders may therefore experience periods of economic instability, which may be lengthy if they go from one temporary job to another. This type of employment can also make it more difficult to build up retirement funds since these employees often have lower wages and are covered by pension plans less often.

On the other hand, temporary employment may suit some workers looking for more flexibility in order to achieve a better work–life balance, such as students, parents of young children and older workers. In general, temporary employees are as satisfied with their jobs as permanent employees (General Social Survey, Cycle 20, 2006[1]). Temporary jobs can sometimes be a foot in the labour market door for persons with no recent experience or no experience in Canada. These short-term jobs are a means to maintain acquired skills and even acquire new ones. They are also sometimes a springboard to 'better' jobs, since they can facilitate access to permanent positions (OECD 2002, and Kapsalis and Tourigny 2004).

Chart A Temporary employment grew more rapidly than permanent employment



Source: Statistics Canada, Labour Force Survey, 1997 to 2009.

For employers, the use of temporary labour makes it possible to adjust to fluctuations in demand more quickly, increasing companies' flexibility. This enables them to reduce their wage costs and hiring expenses since the most productive employees can be selected for permanent jobs later (Kalleberg 2000). The use of temporary employment can therefore improve companies' competitiveness.

The increase in temporary work began slowing in 2006—this type of employment registered a decrease even before the drop in total employment. This article tracks the trends in temporary employment from 1997 to 2009, with particular attention to the recent economic downturn. It examines the different types of

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temporary jobs, their main industries and how they fared in the recent employment slowdown. It also provides a brief profile of the persons with temporary jobs and some of their job characteristics, and it examines the earnings gap between temporary and permanent jobs and whether that gap changed during the recent employment downturn.

Decrease followed strong growth

From 1997 to 2005, the annual growth of temporary employment generally exceeded that of permanent employment. As a result, the proportion of paid jobs consisting of temporary employment rose slightly, going from 11.3% to 13.2% (Table 1). Except for 2003, the contribution of temporary work to the growth of paid employment ranged between 19% and 46%, far exceeding its relative weight.

A number of factors may be related to the rise in temporary work. For example, globalization, the expansion of international trade and the resulting increase in competition may have led some companies to resort to this type of job to remain competitive (Kalleberg 2000, Morissette and Johnson 2005, and Morissette and Picot 2005). In addition, technological changes have made it possible to quickly access precise information on input and labour needs and surpluses, making it easier for employers to use temporary labour (Kalleberg 2000). Labour laws intended to protect workers may have encouraged companies seeking to avoid the costs associated with permanent positions to resort to temporary employees (Lee 1996, and Cappelli et al. 1997). Lastly, changes in the composition of the labour force, such as the increased participation of women with children, an aging workforce (Pfeffer and Baron 1988) and, more recently, the increased number of immigrants, may have changed workers' preferences and contributed to the rise in temporary employment.

Starting in 2006, the situation changed and the growth of temporary employment slowed, as did its contribution to the growth of overall employment. This slowdown, even before the slowdown of permanent employment, coincided with a dynamic labour market. Of all the persons with non-standard positions (temporary, part-time, self-employed), full-time temporary employees have the greatest chances of eventually acquiring a permanent position (Kapsalis and Tourigny 2004). This transition may be even stronger in periods characterized by job growth and low unemployment. This might in part explain the slower growth of temporary employment and the faster growth of permanent employment in 2006 and 2007.

Between 2007 and 2009, temporary employment declined by more than 4%, leading to a decrease in its share of paid employment, which fell to 12.2% in 2008. The slight upturn to 12.5% in 2009 occurred due to a greater decrease in permanent employment.

Contract employment led the increase until 2005

The LFS divides temporary jobs into three categories: term or contract jobs, seasonal jobs and casual jobs (see *Data source and definitions*).

Term or contract employees are usually hired for short periods and do not return to the same employer

Table 1 Indicators of growth in temporary and permanent employment

	Permanent employment	Temporary employment	Temporary employment as proportion of paid employment	Annual change	
				Permanent employment	Temporary employment
	'000		%	%	
1997	10,073	1,284	11.3	...	...
1998	10,266	1,375	11.8	1.9	7.0
1999	10,535	1,439	12.0	2.6	4.7
2000	10,843	1,548	12.5	2.9	7.6
2001	11,050	1,620	12.8	1.9	4.7
2002	11,315	1,681	12.9	2.4	3.8
2003	11,619	1,651	12.4	2.7	-1.8
2004	11,772	1,721	12.8	1.3	4.2
2005	11,861	1,798	13.2	0.7	4.4
2006	12,163	1,823	13.0	2.6	1.4
2007	12,409	1,843	12.9	2.0	1.1
2008	12,721	1,775	12.2	2.5	-3.7
2009	12,381	1,766	12.5	-2.7	-0.5

Source: Statistics Canada, Labour Force Survey, 1997 to 2009.

Data source and definitions

This article is based on the Labour Force Survey (LFS), a monthly survey of approximately 54,000 households. The LFS provides information on general labour market trends by industry and occupation, hours worked, participation rate and unemployment rate. Since January 1997, the LFS has classified paid jobs as either permanent or temporary, based on employer intentions and job characteristics. If a job that was considered permanent is ending due to downsizing or closure, it is still considered permanent. This study excludes self-employed workers since only employees can have temporary jobs. The LFS includes information on the characteristics of the persons with temporary jobs and on their jobs (e.g., unionization, hours worked, occupation and industry). However, information on non-wage benefits is not available.

A **permanent job** is one that is expected to last as long as the employee wants the job and as long as business conditions permit. In other words, the employer does not state that the job will end on a specific date in the near future when the employee is hired. Permanent jobs are sometimes described as jobs for an indeterminate period, since there is no predetermined date for the job to end.

A **temporary job** has a predetermined end date or will end as soon as a specific project is completed. The employer makes it clear that the job will end on a specified date in the near future when the employee is hired. Temporary jobs are sometimes described as term positions, since they last only for a period, a duration or a specific project. In the LFS, there are four types of temporary jobs: seasonal; temporary and contract; casual; and other, when none of the preceding categories is appropriate.

A job is **seasonal** if the employee is working in an industry where employment levels rise or fall with the seasons (e.g., agriculture, fishing, logging and tourism).

A job is **contract** if it is for a fixed period but is not seasonal and if the employer makes it clearly understood, before the employee accepts the job, that the job will end on a specific date or following the completion of some work or a particular project. In the LFS, these jobs are also called temporary, but in this article they are identified as contract jobs to distinguish them from other temporary jobs.

A job is **casual** if the employee's work hours vary substantially from one week to the next, if the employee is called to work by the employer when the need arises and not on a pre-arranged schedule, or if the employee does not usually get paid for time not worked and there is no indication from the employer about work on a regular basis for a long duration. In this article, casual jobs and the other types of temporary jobs have been combined because of their relatively small number.

In the past, the LFS also distinguished temporary jobs obtained through an employment agency. However, this category of temporary jobs was often confused with contract jobs. Starting in January 2007, this temporary employment category was removed from the LFS. After that date, these jobs were added to the "term or contract" category.

The **gap in hourly earnings** is calculated by subtracting the average hourly earnings of temporary employees from those of permanent employees. The result is divided by the average hourly earnings of permanent employees and multiplied by 100 to obtain a percentage value.

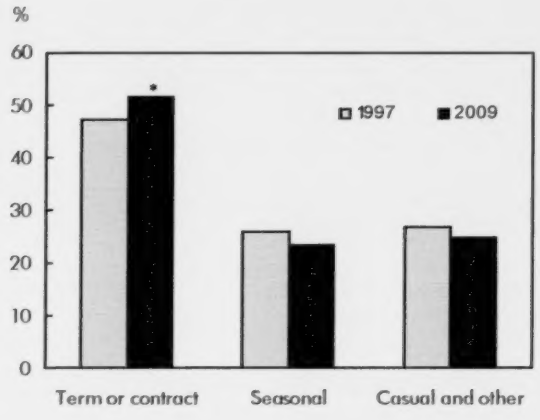
Adjusted earnings gaps are shown in Table 7 and come from a linear regression model estimating the log of hourly earnings. Since men's and women's earnings are different, separate models were estimated for each sex. These models were estimated in three steps to take account of demographic characteristics (age, education level, province, size of the region of residence, family situation, and student status; job characteristics (e.g., unionization, work arrangements [full time/part time] and company size); and industry and occupation. Since part of the gap could also be attributable to the lower seniority of temporary employees, this variable was added to the model. Inclusion of the "job duration" and "job duration squared" variable reduces the adjusted earnings gap by several additional percentage points—by 1 to 2 for men and by 3 to 5 for women.

The models were estimated for 1997, 2005 and 2009.

on a seasonal basis. When they are hired, these workers know the end date of their contracts. More than one-quarter of them are professionals (compared to 15% of permanent employees). Companies may turn to this type of worker to respond to sudden increases in demand, have access to skills that do not exist within the company (e.g., the services of professionals like engineering consultants, and surveillance, cleaning and food preparation services) or avoid hiring employees on a permanent basis with the attendant costs (Holmes 1986, and Abraham and Taylor 1996). Contract employees most often work in teaching occupations, as clerks and receptionists or in health care occupations.

Contract positions account for the majority of temporary jobs (Chart B), and their share increased between 1997 and 2009, from 47% to 52%.[2] During the years of high growth in temporary employment from 1997 to 2005, contract positions led the way, increasing by an average of more than 5% annually (Table 2).

Chart B Contract jobs largest category of temporary jobs



* Increase in the proportion of contract jobs is statistically significant at the 5% threshold.
Source: Statistics Canada, Labour Force Survey, 1997 and 2009.

dependence on government transfers. In recent decades, these regions have been affected by the decline of traditional seasonal industries and are often faced with a limited supply of jobs in other sectors (Sharpe and Smith 2005).

Employees who work only when the employer needs them are known as casual employees. These individuals are sometimes referred to as "spares," "relief workers" or "fill-ins" (Statistics Canada 2005). Companies use this type of labour to replace absent employees, respond to seasonal variations (e.g., holiday shopping) or sudden increases in demand. Many of these employees are supply or spare (substitute) teachers, nurses or hospital workers, catering company employees, domestic maintenance workers or receptionists.

Other types of temporary employees[4] include those who do not fit into any of these categories, but who do not have permanent paid employment. The "other" category is marginal, accounting for less than 1% of all temporary employees, and it has been combined with casual employees for the purposes of this article.

Seasonal employees accounted for nearly one-quarter of all temporary workers in 2009, down slightly from 1997. A large proportion of them had occupations related to the seasonal fishing, agriculture and construction industries.[3] Seasonal employees are also in retail trade (salespersons and cashiers) and tourism (tour guides, servers, cooks and amusement park and holiday camp workers).

Some regions have a larger share of seasonal jobs because their employment is more concentrated in fishing, forestry and agriculture. These regions experience sizeable variations in workers' earnings during the year, workers maintaining their skills during repeated periods of unemployment, and some

Table 2 Trends in employment by type

	Permanent	Temporary	Term or contract	Seasonal	Casual and other
			'000		
1997	10,073	1,284	588	323	373
2005	11,861	1,798	874	427	497
2006	12,163	1,823	896	431	496
2007	12,409	1,843	935	417	491
2008	12,721	1,775	899	416	459
2009	12,381	1,766	908	413	445
Annual growth rate			%		
1997 to 2005	2.1	4.3	5.1	3.6	3.8
2005 to 2009	1.1	-0.4	1.0	-0.8	-2.7
2005 and 2006	2.6	1.4	2.5	0.9	-0.1
2006 and 2007	2.0	1.1	4.4	-3.2	-1.0
2007 and 2008	2.5	-3.7	-3.9	-0.2	-6.5
2008 and 2009	-2.7	-0.5	1.0	-0.7	-3.1

Source: Statistics Canada, Labour Force Survey, 1997 to 2009.

From 1997 to 2005, the annual growth rates for seasonal and casual jobs were lower than for contract positions on average, although they were higher than for permanent jobs.

Slowed growth from 2005 to 2009

From 2005 to 2009, the average annual growth rate for all types of jobs declined to 1.1% for permanent jobs and to -0.4% for temporary jobs. During these years, only contract jobs stayed in positive territory, increasing by nearly 4% from 2005 to 2009. Seasonal jobs registered declines in three out of four years and a net loss of more than 3%, the equivalent of 14,000 jobs between 2005 and 2009, while casual employment registered four years of decline and a total loss of more than 10%, or 51,000 jobs.

Key industries shaped variations in temporary employment

From 2005 to 2009, some industries registered sizeable variations in employment. For example, this period coincided with the downturn in manufacturing, which affected all job types. In 2008, the global decline in employment also mainly affected the goods-producing sector, including manufacturing, mining, forestry, construction and trade, while the public sector came through relatively well (Usalcas 2010). These variations also had an impact on temporary employment.

Contract employment increased between 2005 and 2009, despite the general downturn in employment. In comparison with permanent jobs and other types of temporary employment, contract positions are much more concentrated in public-sector industries such as educational, health care and social services, and public administration (Table 3). These industries were relatively untouched by the employment downturn in late 2008. The decline in other industries and the maintenance of jobs in its main industries helped contract work strengthen its share of employment within its core industries growing from 41% to 43%[5] during this period.

Table 3 Employment by type of industry

	Employment					
	Total paid employment	Permanent	Temporary	Contract	Seasonal	Casual and other
			'000			
All types	**15,913**	**12,381**	**1,766**	**908**	**413**	**445**
			%			
Public	25	23	31	40	15	29
Private	75	77	69	60	85	71
Primary	3	3	4	2	12	2
Utilities	1	1	1	1	1	F
Construction	6	5	8	6	19	3
Manufacturing	12	13	6	6	7	4
Trade	17	17	12	9	9	22
Transportation and warehousing	5	5	3	2	6	3
Information and cultural	5	4	7	5	15	5
Finance, insurance, real estate and leasing	6	7	3	4	1	3
Professional, scientific and technical	6	6	4	5	2	2
Management, administrative and support services	3	3	5	5	7	4
Educational servives	8	7	15	22	5	11
Health care and social assistance	12	12	11	12	2	20
Accommodation and food services	7	7	9	5	9	15
Other services	4	4	3	4	2	3
Public administration	7	7	7	10	5	3

Source: Statistics Canada, Labour Force Survey, 2009.

In 2005, seasonal employment was concentrated in five industries: construction (17%), primary industries[6] (14%), information and culture[7] (13%), manufacturing[8] (11%), and accommodation and food services (9%). From 2005 to 2009, seasonal employment declined more than 3%, mainly due to a 23% drop in the primary sector that hit the fishing and forestry industries, but also because of the general decline in the manufacturing, accommodation and food services industries. The decline in primary industries and accommodation and food services was confined to seasonal employment, with these industries maintaining their shares of paid employment during this period.

The construction and information and culture industries registered seasonal employment gains of 8% and 10% respectively (as well as gains in permanent employment, increasing their shares). The 2008 decline in construction was thus more than offset by gains over the period as a whole. These gains, combined with the declines in the primary and manufacturing industries, enabled the construction share of seasonal employment to increase to 19%, and information and culture to 15%.[9] As a result, construction remained the top industry for seasonal employment, while the information and culture industry overtook the primary industry for second place.

Employees occupying casual positions are mainly in retail and wholesale trade, educational services and health care, as well as accommodation and food services. This type of employment has declined by more than 10% since 2005, with losses affecting most industries.

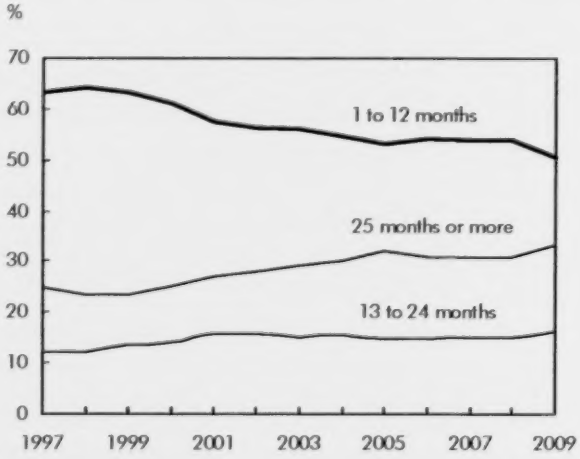
Lengthening employment spells

The LFS does not measure the complete duration of jobs—a longitudinal survey is required to obtain a reliable measurement, However, the LFS provides information on the duration of 'in-progress' jobs at the time of the survey. The duration of employment is, by definition, shorter for temporary jobs than permanent jobs. However, it has lengthened slightly since the LFS began collecting information on this type of job. In 1997, nearly two-thirds of temporary employees had held their jobs for less than one year at the time of the survey, whereas in 2009, this was so for only one-half of temporary employees (Chart C). The lengthening of in-progress job durations was gradual until 2005, when the proportion of temporary jobs peaked. After pausing from 2005 to 2008, the trend resumed in 2009. This turnaround was seen in all types of temporary jobs. The number of positions held for very short periods (from one to three months and from four to six months) declined in favour of positions held for more than two years.

The lengthening of employment spells is probably underestimated since the measured lengths are incomplete. All told, the lengthening was observed for men and women, across all age groups and education levels.

The change over time in the distribution of in-progress employment durations is generally difficult to interpret (Heisz 2002). It depends on the employment durations of currently employed individuals and the level of inflows (new employees). The proportion of long employment spells tends to diminish during growth periods, since more workers are entering the labour force at that time, with newly filled jobs increasing the relative weight of short employment spells. Conversely, during slowdowns the proportion of long employment spells tends to increase since the last hired are often the first to lose their jobs.

Chart C Lengthening in-progress periods of employment[1]



1. The decrease in the proportion of job durations of 1 to 12 months is statistically significant at the 5% threshold.
Source: Statistics Canada, Labour Force Survey, 1997 to 2009.

Temporary help agencies

Temporary help agencies act as intermediaries between workers and employers. They recruit, hire and train employees whose services they 'rent' to other companies on a temporary basis. They are official employers, paying wages to their employees and claiming the usual income deductions from the appropriate government agencies and departments (Hamdani 1997). This type of company has shown substantial growth since 1993, when Statistics Canada began collecting information on this subject. According to the Survey of Service Industries, these companies generated operating revenues of $9.2 billion in 2008, up from $1.0 billion in 1993. They provide personnel in fields such as administrative and office services, professional and computer services, health and unskilled work (Statistics Canada 2010).

Agencies of this type are also proliferating in the United States and Europe (Kalleberg 2000). The increase is due to factors on both the demand side (companies needing to meet their production requirements) and the supply side (changes in the composition of the labour force).

Before January 2007, employees hired through help agencies also constituted a separate temporary job category in the LFS. However, this category was often confused with contract jobs and was therefore removed from the survey. Although the number of agency-hired employees in Canada is probably also increasing, there is no reliable information on numbers to date (it has been included in the "other" category for the purposes of this article).

The increase in the proportion of employment durations of 25 months or more occurred during a period of growth in temporary jobs (from 1997 to 2005) and might be explained by a lengthening of temporary contracts or a change in hiring practices. The relative stability from 2005 to 2008 and the weak resumption of the upward trend in 2009 might be due to a decrease in hirings, which would likely increase the relative weight of average durations of 25 months or more.

Temporary jobs traditionally held by younger persons

In general, temporary jobs are held by women, younger persons and relatively less-educated workers most often (Table 4).[10] Since temporary workers are relatively young, they also live in couple relationships less often. While these characteristics apply to temporary workers overall, there are some differences across types of temporary employment. For example, seasonal workers are mainly men, and contract workers are mainly more highly educated than their counterparts with permanent jobs. A sizeable proportion of seasonal (42%) and casual (47%) employees were under 25 years of age, with many being students.

Temporary workers, mainly in seasonal jobs, were most likely to be found outside of census metropolitan areas (CMAs). On the other hand, contract workers were more likely to be located in large CMAs.

During the study period, the distribution of temporary employees according to various demographic characteristics remained relatively stable.

Fewer hours

In comparison with permanent jobs, temporary jobs are part-time more often, mainly in companies with less than 20 employees, and slightly less unionized (Table 5).[11] However, there are differences across types of temporary employment. For example, contract jobs are as likely to be unionized as permanent jobs and are in companies of comparable size. On the other hand, seasonal and casual jobs are concentrated in small companies (with less than 20 employees). Seasonal jobs are less unionized (19% versus 32% for permanent jobs), while casual workers are unionized almost as often as permanent employees because they are concentrated in the public sector (educational services, health care and social assistance).

All types of temporary jobs are less likely to be full-time than permanent jobs. Among men, 91% of permanent employees were full-time, compared to 69% of temporary employees. The corresponding proportions among women were 78% and 52% respectively.

This pattern varies by type of temporary employment, with casual jobs the most likely to be part-time, followed by contract jobs. Among men with seasonal jobs, 80% were employed full time, the highest proportion for temporary workers. Seasonal workers are

Table 4 Demographic characteristics of temporary and permanent workers

	Worker				
	Permanent	Temporary	Contract	Seasonal	Casual and other
			'000		
All	**12,381**	**1,766**	**908**	**413**	**445**
			%		
Men	49.9	48.2	45.7	64.0	38.6
Women	50.1	51.8	54.3	36.0	61.4
Age					
15 to 19	4.8	16.7	9.9	21.3	26.4
20 to 24	8.9	20.2	19.5	21.4	20.6
25 to 34	23.1	21.8	28.2	14.7	15.1
35 to 44	23.6	15.3	18.4	13.0	11.3
45 to 54	25.4	13.8	13.6	16.1	12.2
55 to 64	12.8	9.4	8.5	10.2	10.4
65 and over	1.5	2.8	1.9	3.2	4.1
Education					
Less than a high school diploma	10.7	16.6	9.1	26.5	22.7
High school diploma	20.4	18.3	15.0	24.5	19.1
Postsecondary certificate or diploma	44.5	41.5	41.0	41.6	42.4
University degree	24.4	23.7	34.9	7.5	15.7
Family type					
In couple relationship	63.5	44.6	48.8	41.7	38.7
Separated or divorced	8.8	6.0	5.9	5.9	6.3
Single	27.7	49.4	45.3	52.4	55.0
Province					
Newfoundland and Labrador	1.2	2.7	2.4	4.0	2.2
Prince Edward Island	0.4	0.8	0.5	1.5	0.6
Nova Scotia	2.6	3.7	2.8	5.1	4.1
New Brunswick	2.2	3.1	2.4	4.6	3.2
Quebec	23.1	23.9	26.7	22.7	19.4
Ontario	39.1	37.5	39.1	36.0	35.8
Manitoba	3.7	3.5	3.0	3.7	4.3
Alberta	3.0	2.9	2.3	3.2	4.1
Saskatchewan	11.9	9.4	9.1	9.0	10.4
British Columbia	12.9	12.4	11.7	10.3	16.0
Census metropolitan area (CMA)					
Montréal	11.4	10.6	13.7	7.1	7.6
Ottawa	3.0	3.3	4.2	1.8	2.7
Toronto	17.2	15.9	17.5	12.7	15.8
Calgary	4.3	2.9	3.0	2.5	3.0
Vancouver	7.1	6.7	7.1	4.1	8.2
Other CMA	36.0	36.1	36.6	33.5	37.3
Non-CMA area	21.0	24.5	17.8	38.2	25.6
Recent immigrant[1]	3.4	4.3	2.0	5.8	4.1

1. Arrived in Canada after 2000.
Source: Statistics Canada, Labour Force Survey, 2009.

Table 5 Characteristics of jobs held by temporary and permanent workers

	Worker				
	Permanent	Temporary	Contract	Seasonal	Casual and other
			'000		
All	**12,381**	**1,766**	**908**	**413**	**445**
Full-time work arrangement			%		
Men	91	69	75	80	36
Women	78	52	62	61	27
Unionization					
Yes	32	29	34	19	30
No	68	71	66	81	70
Size of company					
Less than 20 employees	32	40	34	51	43
20 to 99 employees	34	32	31	33	33
100 to 500 employees	21	16	19	12	13
More than 500 employees	13	12	16	4	12
Occupation					
Management	8	2	3	1	1
Business, finance and administration	20	14	19	6	12
Natural and applied sciences	8	5	7	3	2
Health	7	6	5	0	11
Social sciences, education, public administration	9	16	24	3	10
Arts, culture, sports and recreation	2	5	5	7	3
Sales and services	25	28	20	26	47
Trades, transport and equipment operators	14	16	12	31	9
Unique to primary industry	1	5	1	17	2
Processing, manufacturing and utilities	6	4	4	5	3
Average usual hours of work			hours		
Men	38	33	34	37	23
Women	34	27	30	30	20

Source: Statistics Canada, Labour Force Survey, 2009.

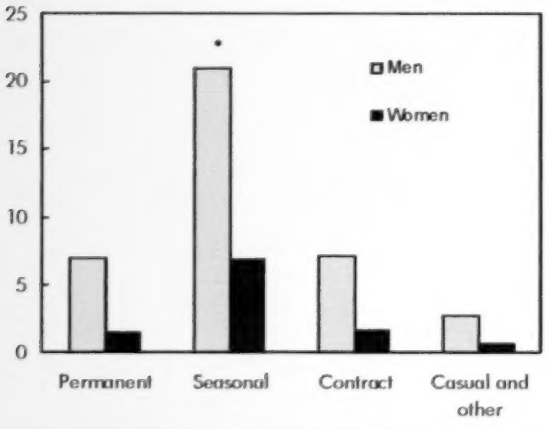
also more likely than permanent employees to have long hours of work: 21% worked an average of 50 hours or more per week, compared to 7% of permanent workers (Chart D). Among women, seasonal workers and contract workers are equally likely to work part time.

The average number of hours worked per week for men and women with temporary jobs was 33 hours and 27 hours respectively, compared to 38 hours and 34 hours for permanent employees. The largest gap was for casual employees—it varied according to age, the youngest having the largest gaps. When temporary employment peaked between 2005 and 2009, average usual hours declined a little more than 1%.[12] The decrease affected both permanent and temporary workers. On an annual basis, such a decrease represents more than 25 hours for permanent employees and approximately 18 hours for temporary employees.

Earnings gap steady

Whether the share of seasonal employment was at its highest level (2005) or nearing a low (2009), the earnings gap between permanent and temporary employees held steady (Table 6). Since information on temporary employment began being collected, the gap

Chart D Male seasonal workers more likely to work long hours



* Difference between men with seasonal and permanent jobs is statistically significant at the 5% threshold.
Source: Statistics Canada, Labour Force Survey, 2009.

in hourly earnings between permanent employees and seasonal employees has been 34%, while it has ranged between 12% and 14% for contract employees and between 32% and 36% for casual employees.

Table 6 Average hourly earnings rate and gap between permanent and temporary jobs

	Job			
	Permanent	Contract	Seasonal	Casual and other
		$		
1997	20.21	17.76	13.43	13.71
2005	19.73	17.06	13.09	12.68
2009	22.71	19.61	14.98	15.31
Gap		%		
1997	...	-12	-34	-32
2005	...	-14	-34	-36
2009	...	-14	-34	-33

Source: Statistics Canada, Labour Force Survey, 1997, 2005 and 2009.

These gaps may have resulted from differences in the demographic characteristics of permanent and temporary workers such as sex, age, education level, student status, immigrant status and province of residence. When adjustments were made for these differences[13] (Table 7), the gap narrowed for all types of temporary employment and ranged between 5% and 21%. Contract employees (men and women) registered the narrowest gaps. The widest gaps among men were for casual workers, and among women, for seasonal workers.

Table 7 Earnings gap[1] between permanent and temporary employees

	Men	Women
	$	
Average hourly earnings		
Permanent employees	20.84	17.40
Earnings gap relative to permanent employees		
Unadjusted	%	
Contract	-18	-8
Seasonal	-32	-35
Casual and other	-40	-25
Adjusted for demographic differences[2]		
Contract	-10	-5
Seasonal	-14	-17
Casual and other	-21	-10
Adjusted for demographic and labour market differences[3]		
Contract	-8	-5
Seasonal	-11	-14
Casual and other	-12	-6
Adjusted for demographic and labour market differences[4]		
Contract	-9	-8
Seasonal	-11	-16
Casual and other	-12	-8

1. See *Data source and definitions* for details about how the adjusted gap was derived.
2. Earnings differences adjusted for age, education, student status, family type, recent immigrant status, province, and CMA versus non-CMA.
3. Earnings differences adjusted for (2) above and selected job characteristics (part time, unionization and company size).
4. The "job duration" variable was also tested, even though, by definition, temporary employees have short job durations. However, part of the gap could also be attributable to temporary employees' low seniority. Adding the "job duration" and "job duration squared" variables reduces the adjusted earnings gap by a few additional percentage points: by 1 to 2 percentage points for men and 3 to 5 percentage points for women, depending on the type of temporary employment.

Source: Statistics Canada, Labour Force Survey, 2009.

Part of the earnings gap may also have resulted from the fact that temporary employees are less likely to unionized and more likely to work part time and be employed in a small company. When these characteristics were taken into account, the gap narrowed by only a few percentage points for seasonal and contract workers and smewhat more for casual workers. Controlling for industry and occupation did not further explain the earnings gap. Similar results were obtained for 1997.

In general, the earnings gap was greater on a weekly basis, since temporary employees worked fewer hours (Table 8). The gap was at its highest for casual workers who worked the lowest number of hours. It varied considerably by sex and age and was smaller for women and younger people. Among workers under 20 years of age, both contract and seasonal employees generally had higher weekly earnings than permanent employees. Among workers age 20 and over, temporary employees earned less than permanent employees, and the gap tended to widen slightly with age (except for certain older age groups). Among casual workers, 47% were under 25 years of age and one-quarter were full-time students.

Just over one-half of temporary workers were single. Therefore these workers could not count on an additional income to compensate for their low employment earnings. However, even for workers in a couple relationship, significant gaps persisted between temporary and permanent workers after their spouses' earnings were taken into account (Galarneau 2005). The gap remained largest for casual workers and smallest for contract workers.

Conclusion

In 2009, temporary work accounted for 1 in 8 paid jobs. Temporary workers differ from permanent employers in that, on average, their earnings are lower

Table 8 Average weekly earnings by job type, sex and age, and gap relative to permanent employees

	Men				Women			
	Permanent	Contract	Seasonal	Casual and other	Permanent	Contract	Seasonal	Casual and other
	$							
All ages	**966**	**711**	**626**	**363**	**719**	**576**	**385**	**335**
15 to 17	168	190	209	127	142	152	210	125
18 to 19	316	345	381	215	225	228	301	176
20 to 22	520	442	517	278	376	370	352	258
23 to 24	638	529	550	324	492	497	406	353
25 to 34	923	735	763	480	744	659	477	433
35 to 44	1,087	892	777	549	813	698	450	436
45 to 54	1,134	970	801	657	811	682	482	476
55 to 64	1,056	936	730	559	745	597	448	399
65 and over	738	694	536	357	518	601	324	262
	Gap (%)							
All ages	**...**	**-26**	**-35**	**-62**	**...**	**-20**	**-46**	**-53**
15 to 17	...	13	24	-24	...	7	47	-12
18 to 19	...	9	20	-32	...	1	34	-22
20 to 22	...	-15	-1	-47	...	-1	-6	-31
23 to 24	...	-17	-14	-49	...	1	-18	-28
25 to 34	...	-20	-17	-48	...	-11	-36	-42
35 to 44	...	-18	-28	-49	...	-14	-45	-46
45 to 54	...	-14	-29	-42	...	-16	-41	-41
55 to 64	...	-11	-31	-47	...	-20	-40	-46
65 and over	...	-6	-27	-52	...	16	-38	-49

Source: Statistics Canada, Labour Force Survey, 2009.

and they have less coverage under employee benefit plans. Although temporary jobs are often seen as a single group, trends and underlying issues vary greatly according to the type of job.

In 2009, one-half (52%) of temporary jobs were term or contract positions. Nearly 1 million workers held this type of job. Since 1997, contract employment has been the main source of growth in temporary work. It increased by more than 3% between 2005 and 2009, despite the overall decline in employment in 2008. A sizeable portion of term jobs were held by professionals, with an educated workforce that was slightly younger than permanent employees. These jobs were concentrated in public-sector industries (health, education and public administration) that were relatively less affected by the recent economic slowdown.

Seasonal employment represents 1 in 5 temporary jobs. From 2005 to 2009, it fell by more than 3%, mainly due to a downturn in traditional industries like fishing and forestry, the general decline in manufacturing, and an employment drop in accommodation and food services. In 2009, construction remained the leading industry for this type of job while the primary sector gave up second place to information and culture. Two-thirds of seasonal job holders are men, and seasonal employees are slightly younger and less educated than those with permanent jobs. Nearly 4 in 10 seasonal jobs are located outside the large centres.

Employees with casual jobs are mainly in retail and wholesale trade, educational services, health care, and accommodation and food services. This type of employment declined by more than 10% between 2005 and 2009, with losses in most sectors. Nearly one-half (47%) of casual employees were under 25 years of age, and one-quarter of them were students.

Whether temporary employment is observed at a peak or when nearing a low, the average gap in earnings between temporary and permanent jobs holds steady, varying according to the type of temporary job and being generally smaller for contract workers and larger for seasonal workers. Part of the gap is attributable to the different demographic characteristics of temporary workers, like their younger age and lower education level. After adjustment for these differences, the gap ranged between 5% and 21%, depending on sex and type of temporary employment. An additional part of the gap was explained by characteristics such as unionization, work arrangements and company size (especially for casual employees, for whom the earnings gap was then comparable to that of other temporary employees).

The earnings gap was greater on a weekly basis since temporary employees worked fewer hours. The gap varied greatly according to sex and age, being smaller for women and younger persons.

Following the overall downturn in employment, temporary work generally declined. Only contract jobs appeared to regain some of their momentum.

Perspectives

Notes

1. On a scale of 1 to 10, where 10 means "very satisfied," approximately 6 in 10 permanent and temporary workers gave a score of 8 or more when asked about their level of overall satisfaction with their jobs.
2. The increase in the proportion of contract jobs is statistically significant at the 5% threshold.
3. Jobs in these industries are often held by self-employed workers. However, the self-employed are excluded from this study, which focuses solely on paid workers.
4. Before January 2007, jobs obtained through temporary help agencies constituted a separate temporary job category. This category was removed from the survey in January 2007. For more details, see *Temporary help agencies*.
5. Increase statistically significant at the 5% threshold.
6. Includes agriculture, mining and forestry.
7. Includes the television, radio and Internet industries.
8. A sizeable proportion of seasonal manufacturing jobs are in the agri-food industry (e.g., fish processing).
9. Increase in shares is statistically significant at the 5% threshold.
10. The differences noted in the text are all statistically significant at the 5% threshold.
11. The differences noted in the text are all statistically significant at the 5% threshold.
12. Decrease is statistically significant at the 5% threshold.
13. See *Data source and definitions*.

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